

CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.
Jonesville, Louisiana

Financial Statements and Auditor's Report

June 30, 2006
(With Comparative Figures for June 30, 2005)

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8-30-06

CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.

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SECTION I
FINANCIAL STATEMENTS
REPORT ON FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

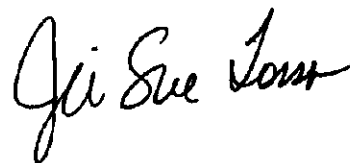
To the Board of Directors
Catahoula Association of Retarded Citizens, Inc.
Jonesville, Louisiana

I have audited the accompanying statement of financial position of the Catahoula Association of Retarded Citizens, Inc. (a non-profit corporation), as of June 30, 2006 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Association, as of June 30, 2006, and the results of its changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated August 18, 2006, on my consideration of Catahoula Association of Retarded Citizens, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.



Ferriday, Louisiana
August 18, 2006

CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2006
(With Comparative Totals at June 30, 2005)

	General Fund	Work Activity Fund	Association Fund	June 30, 2006 Total	2005 Total
ASSETS					
Cash on hand and in banks	\$ 58,261	\$ 7,592	\$ 53	\$ 65,906	\$ 47,722
Cash in savings	6,146		3,049	9,195	8,035
Accounts receivable	14,016	303		14,319	13,263
Interfund loans			660	660	660
Utility deposits	295			295	295
Fixed assets (Net) (Note 3)	33,829	4,203		38,032	52,182
Total Assets	\$ 112,547	\$ 12,098	\$ 3,762	\$ 128,407	\$ 122,157
LIABILITIES AND NET ASSETS					
Liabilities					
Accounts payable	\$ 1,621			\$ 1,621	\$ 1,216
Accrued payroll taxes	1,662	\$ 513		2,175	1,791
Interfund loans	660			660	660
Notes payable (Note 4)				0	264
Total Liabilities	\$ 3,943	\$ 513	\$ 0	\$ 4,456	\$ 3,931
Net Assets					
General fund	\$ 108,604			\$ 108,604	\$ 101,217
Work activity fund		\$ 11,585		11,585	13,268
Association fund			\$ 3,762	3,762	3,741
Total Net Assets	\$ 108,604	\$ 11,585	\$ 3,762	\$ 123,951	\$ 118,226
Total Liabilities and Net Assets	\$ 112,547	\$ 12,098	\$ 3,762	\$ 128,407	\$ 122,157

See accompanying notes to financial statements.

CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.
STATEMENT OF ACTIVITY AND NET ASSETS
YEAR ENDED JUNE 30, 2006
(With Comparative Totals for the Year Ended June 30, 2005)

	General Fund	Work Activity Fund	Association Fund	Year Ended June 30,	
				2006 Total	2005 Total
SUPPORT AND SERVICE FEES					
State contracts (Note 5)	\$ 143,086			\$ 143,086	\$ 142,825
Federal funds - UMTA Grants				0	0
Total Support	\$ 143,086			\$ 143,086	\$ 142,825
REVENUE					
Work activity projects		\$ 18,556		\$ 18,556	\$ 17,811
State use cleaning contract		26,088		26,088	27,021
Interest	\$ 406		\$ 21	427	143
Donations					
Other		125		125	1,175
Total Revenue	\$ 406	\$ 44,769	\$ 21	\$ 45,196	\$ 46,150
Total Support and Revenue	\$ 143,492	\$ 44,789	\$ 21	\$ 188,282	\$ 188,975
EXPENSES (Note 7)					
Salaries and client wages	\$ 79,034	\$ 29,846		\$ 108,880	\$ 100,275
Payroll taxes	6,047	2,209		8,256	7,888
Telephone	1,993	174		2,167	2,036
Postage	288			288	375
Insurance	9,338	1,671		11,009	12,983
Transportation	8,337			8,337	7,779
In-service	266			266	1,436
Office supply	833			833	940
Utilities	4,816			4,816	4,638
Rent	6,600			6,600	6,600
Maintenance and cleaning	543	1,498		2,041	543
Workman's compensation	1,935	1,640		3,575	3,427
Depreciation	11,804	2,346		14,150	15,456
Interest	2			2	71
Supplies		4,190		4,190	3,701
Audit	2,000			2,000	1,900
State use fees		1,471		1,471	1,471
Other	2,269	1,407		3,676	3,457
QMRP contract expenditures				0	3,852
Total Expenses	\$ 136,105	\$ 46,452	\$ 0	\$ 182,557	\$ 178,829
Net Increase (Decrease) in Net Assets	\$ 7,387	\$ (1,683)	\$ 21	\$ 5,725	\$ 10,146
Net Assets, Beginning of Year	101,217	13,268	3,741	118,226	108,080
Net Assets, End of Year	\$ 108,604	\$ 11,585	\$ 3,762	\$ 123,951	\$ 118,226

See accompanying notes to financial statements.

CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.
STATEMENT OF CASH FLOWS
TOTAL ALL FUNDS
YEAR ENDED JUNE 30, 2006
(With Comparative Totals for the Year Ended June 30, 2005)

	Year Ended June 30,	
	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 5,725	\$ 10,147
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	14,150	15,456
In kind grant of motor vehicles		
(Increase) decrease in:		
Accounts receivable	(1,055)	4,340
Accounts payable	404	248
Accrued payroll tax	384	(75)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 19,608</u>	<u>\$ 30,116</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in debt from borrowing		
Reduction of debt	\$ (264)	\$ (1,529)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>\$ (264)</u>	<u>\$ (1,529)</u>
NET INCREASE (DECREASE) IN CASH	\$ 19,344	\$ 28,588
CASH AT BEGINNING OF YEAR	<u>55,757</u>	<u>27,169</u>
CASH AT END OF YEAR	<u>\$ 75,101</u>	<u>\$ 55,757</u>

(Note: Interest paid in year ended June 30, 2006 and 2005)	\$ 2	\$ 71
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See accompanying notes to financial statements.

CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 1 - CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.

Catahoula Association of Retarded Citizens, Inc., (CARC) was organized in 1981 to promote the general welfare of retarded citizens wherever they may be, and, specifically, to provide as normal a work and learning atmosphere in the least restrictive environment for retarded adults in Catahoula Parish. The Association receives funding from the State of Louisiana, Office of Mental Retardation for Adult Day Services, performs services under its Work Activity Program, and receives nominal funds for other activities from memberships and contributions. In 1992, the Association was enrolled as a provider in the Louisiana Medical Assistance Program and provides services to qualified clients under this program.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to CARC, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund and, accordingly, all financial transactions have been recorded and reported in the following fund groups:

General Fund - Resources are provided under a contract from the State of Louisiana, based on the days of service provided, a contract covering clients under the Louisiana Medicaid Program (Title XIX), and by other sources such as interest. Expenditures are of a nature of those specified by the State in Guidelines for Allowable Costs from the Office for Citizens with Developmental Disabilities, except as noted hereafter.

Work Activity Fund - Resources are provided as fees for services performed by the clients and interest and are used to pay wages to the clients and buy such supplies as needed for these services.

Association Fund - Resources are provided from memberships, contributions and interest and are generally unrestricted as to their use.

B. Income Tax Status

The Association qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for income taxes.

NOTE 3 - FIXED ASSETS AND DEPRECIATION

Fixed assets consist of the cost of two vans purchased through the State of Louisiana, DOTD, under a UMTA grant for transportation of the elderly and handicapped, another van purchased with agency funds and other equipment. Work Activity fixed assets consists mainly of two vans purchased in 1994. Ownership of all fixed assets of the Association, other than two of the vans, would revert to the Department of Health and Hospitals, Office of Mental Retardation, if the Association was to cease to function. The DOTD holds a reversionary interest in two of the vans. Depreciation is provided on a straight-line basis over the useful lives of the assets. There were no additions or retirements to the fixed assets in the fiscal year ended June 30, 2006.

	<u>General Fund</u>	<u>Work Activity Fund</u>
Fixed Assets	\$71,571	\$12,719
Accumulated Depreciation	<u>37,742</u>	<u>8,516</u>
Net Fixed Assets	<u>\$33,829</u>	<u>\$ 4,203</u>

NOTE 4 - NOTES PAYABLE

Notes payable were paid in full during the fiscal year ended June 30, 2006.

NOTE 5 - STATE CONTRACTS

The Association received funds from a programs under the Office of Mental Retardation, State of Louisiana and the Louisiana Medicaid Assistance Program as follows:

Adult Day Program	\$110,354
Louisiana Medical Assistance Program	<u>32,732</u>
	<u>\$143,086</u>

NOTE 6 - EXPENDITURES

Expenditures in the general fund were made in accordance with the specifications listed by the Office for Citizens with Developmental Disabilities in their Guidelines for Allowable Costs for Adult Day Services for Persons with Developmental Disabilities.

NOTE 7 - DIRECTOR'S FEES

No fees or reimbursements were paid to directors in the years ended June 30, 2006 or 2005.

NOTE 8 - RETIREMENT

The employees of the Association are not covered by any retirement plan.

SECTION II

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Catahoula Association of Retarded Citizens, Inc.
Jonesville, Louisiana

I have audited the financial statements of Catahoula Association of Retarded Citizens, Inc., as of June 30, 2006, and for the year then ended, and have issued my report thereon dated August 18, 2006. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance

As part of obtaining reasonable assurance about whether Catahoula Association of Retarded Citizens, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contract and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

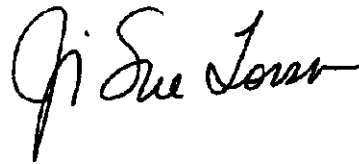
Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements of the Association, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgement, could adversely affect CARC's ability to record financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item number 2006-1.

To the Board of Directors
Catahoula Association of Retarded Citizens, Inc.
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A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions that are also considered to be material weaknesses. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above.

This report is intended for the information of management and the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

A handwritten signature in black ink, appearing to read "Ji Sue Low". The signature is written in a cursive, flowing style.

Ferriday, Louisiana
August 18, 2006

CATAHOULA ASSOCIATION OF RETARDED CITIZENS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2006

Section 1 - Summary of Auditor's Results

Financial Statements:

- | | | |
|----|--|-------------|
| 1. | Type of auditor's report issued on the financial statements: | Unqualified |
| 2. | Material non-compliance relating to the financial statements | No |
| 3. | Internal control over financial reporting: | |
| | a. Material weakness(es) identified | No |
| | b. Reportable condition(s) identified that are not
considered to be material weaknesses | Yes |

Section 2 - Financial Statement Findings

Current Year

2006-1 Segregation of Duties

Due to limited personnel, the Association does not have an adequate segregation of duties regarding its accounting and reporting system to maintain a complete system of internal control

Recommendation

I do not recommend that it would be cost effective for the Association to hire additional personnel to resolve this problem. I believe the Association has taken all possible steps by requiring dual signatures and other separation of duties between personnel to ensure that internal controls are maintained as is possible with limited staff.

Management's Corrective Action

Management is aware of the problem of segregation of duties and will continue to develop and implement internal control procedures to offset this inherent problem associated with being a small entity.

Prior Year

2005-1 Segregation of Duties

Due to limited personnel, the Association does not have an adequate segregation of duties regarding its accounting and reporting system to maintain a complete system of internal control.

Management's Corrective Action

See above.